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ME MINING

"NORMALIBATION" OF TARACTE STATES

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- 1. The prospect that Japan will soon resume diplomatic relations with the Soviet Union is accelerating a strong trend in Japan toward the "sormalization" of relations with Communist China. Sectored Tokyo-Moscow ties may also be followed by renewed Japanese diplomatic contacts with the Eastern European satellites.
- 2. Japanese Foreign Minister Shigemitsu has informed our ambassador that the most dangerous consequence arising from the recent Moscow pegotiations of a fishery agreement is the impetus gives to Japanese forces favoring the "normalization" of relations with Peiping. However, the foreign minister believes that his government would do little to reverse this trend. He considers it only a question of time until Japan will be forced to normalize relations with Peiping.
- 3. Both Soviet pressure on Japanese fishing in waters north of Japan and the recent Mescow negotiations of Minister of Agriculture and Forestry Tehiro Kono have put Tokyo well on the way to restoration of full diplomatic relations with the USER. Even before Kono arrived in the USER, he persuaded the Japanese government to grant Mescow permission to replace the chief of its long-unrecognized "mission" in Tokyo and to add "Lisheries" experts" to the mission's staff. The shift in the Japanese attitude towards the Seviet mission in Tokyo has since been further emphasized by the admission of the Secretary-General of the reling Liberal-Peneratic Party that the mission now enjoys de facto recognition.

- a. The two formal agreements Kono concluded at Moscova fishery agreement and a sea rescue pact--are dependent on the
 timely resumption of diplomatic relations, and negotiations on
 this subject are to be resumed by 31 July. Consequently, the
 major problem for the Japanese is the manner for respensing relations. The alternatives are whether to follow the "Adenauer
 Fermula" (a prompt exchange of ambassadors without a formal treaty)
 are to try instead for a treaty which would call for fature consideration of Jap claims to the southers Karils and Sakhalin.
- h. Messow has long urged Tokyo to accept the establishment of formal diplomatic relations first, with outstanding insues to be settled subsequently. The desire of Japanese leaders to beep Japan's territorial claims alive is promoting support for an "Adenauer" type of settlement. Mulganiu's cryptic assurance to Koso of both Boviet support for Japan's admission to the UH and the return of some Japanese prisoners will further incline Japan toward as "Adenauer" settlement.
- already indicated that the Japanese must officially recognize his mission before any details arising out of this season's provisional fishery agreement can be ironed out. Japan's need to wake arrangements safeguarding its fishing fleet during the present season may well coupel the government to undertake such official contacts even before 31 July, thereby making any foot-dragging in formal negotiations with the USSE increasingly pointless.
- 4. A majority of Japanese, on the political right as well as the left, have long held that Japan must ultimately establish relations with Communist Chine. Tokyo's primary concern has been

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only the timing of moves in that direction so as not to irritate the US. Many Japanese efficiels have indicated they feel US policy toward Communist China ignores the "facts of life" and apparently hope Washington's attitude will change in the near future.

- increasing trade ties with China. They plan to exhibit embargoed goods at Chinase trade fairs, to press for a reduction of CHINCOM controls and to make increased use of "exceptions." Tokyo also has concluded a quesi-official postal agreement with Peiping and is ready to exchange unofficial trade representatives.
- b. The tempo of the trend for Japanese relations with Peiping appears to be rising. Foreign Minister Shigenitss last week noted that the recent Egyptian recognition of Communist China, the president of Pakistan's suggestion that the US recognise Peiping, and the prospective establishment of a French trade mission were all strong influences for similar Japanese action. In voicing this view to our subsessador, he apparently was expressing official anxiety that further delay might isolate Japan from its most important neighbor.
- S. Internally, it is the Hatoyana group in the government which strongly desires to realize its campaign promise to normalize relations with the Soviet Bloc. This group evidently feels that popular acceptance of Kono's Hancow agreements will enable it to emploit his negotiations as a diplomatic triumph enhancing the group's prestige. The Hatoyana group also believes that an early cabinet shuffle can be successfully carried out to consolidate its central of both the government and the Liberal-Democratic party.

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- a. Current speculation on the impending Shuffle sees
 the drupping of Pereign Ninister Shigenites. Shineshe Kishi, a
 contender for the premiership, would become deputy prime minister,
 while Kono will take over as Liberal-Semogratic party secretary
 general, to assure party control.
- b. Former Yeshida Liberals are the principal opponents of Retoyana's foreign policy and the proposed cabinet change. Their prospects for stopping the present trend toward "normalisetion" of Blos relations, however, appear dim.



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